

share requirement). However section 502(e) grantees may choose to provide a non-Federal share and are encouraged to do so.

(d) The Department may enter directly into agreements with private businesses for section 502(e) activities.

(e) Grantees may fund private-for-profit and other organizations that do not have the IRS 501(c)(3) designation or are not public agencies to conduct section 502(e) activities if provided for in their grant or contract agreement with the Department.

§ 641.650 Does the requirement that not less than 75 percent of the funds be used to pay participant wages and fringe benefits apply to section 502(e) activities?

Yes, under section 502(c)(6)(B) of the OAA, 75 percent of SCSEP funds made available through a grant must be used to pay for the wages and fringe benefits of participants employed under SCSEP projects. This requirement applies to the total grant, and not necessarily to individual components of the grant. For entities that receive an SCSEP grant for both community service projects and section 502(e) projects, the requirement applies to the total grant. For entities that receive only a section 502(e) grant, the requirement applies to that grant.

§ 641.660 Who is eligible to participate in section 502(e) private sector training activities?

The same eligibility criteria used in the community service portion of the program apply for participation in the private sector training activities. (See subpart E, §§ 641.500, 641.510, 641.520, 641.525, and 641.530).

§ 641.665 When is eligibility determined?

Eligibility is determined at the time individuals apply to participate in the SCSEP. Grantees may also verify an individual's eligibility as circumstances require.

§ 641.670 May an eligible individual be enrolled simultaneously in section 502(e) private sector training activities operated by one grantee and a community service SCSEP project operated by a different SCSEP grantee?

Yes, an eligible individual must be enrolled simultaneously in section 502(e) private sector training activities and a community service SCSEP project, operated by two different SCSEP grantees. This is known as co-enrollment.

§ 641.680 How should grantees report on participants who are co-enrolled?

Referrals from a regular SCSEP grantee to a 502(e) only grantee that result in an unsubsidized placement may also be credited to the referring SCSEP grantee. However, if the SCSEP grantee is also a 502(e) grantee, the unsubsidized placement of the participant may only be counted once. The Department will issue administrative guidance on additional requirements.

§ 641.690 How is the performance of section 502(e) grantees measured?

(a) The following performance measures apply to section 502(e) grantees. The common performance measures that apply to this program are:

- (1) Entered employment;
- (2) Retention in employment; and
- (3) Earnings.

(b) These measures are defined in and governed by subpart G of this part and the applicable provisions of administrative issuances implementing the SCSEP performance standards.

(c) If a section 502(e) grantee fails to meet its performance standards, the Department may require corrective action, may provide technical assistance, or may decline to fund the grantee in the next Program Year.

[69 FR 19051, Apr. 9, 2004, as amended at 71 FR 35517, June 21, 2006]

Subpart G—Performance Accountability

SOURCE: 72 FR 35846, June 29, 2007, unless otherwise noted.

§ 641.700 What performance measures/indicators apply to SCSEP grantees?

(a) *Indicators of performance.* There are currently eight performance measures, of which six are core indicators and two are additional indicators. Core indicators (defined in § 641.710) are subject to goal-setting and corrective action (described in § 641.720); that is, performance level goals for each core indicator must be agreed upon between the Department and each grantee before the start of each program year, and if a grantee fails to meet the performance level goals for the core indicators, that grantee is subject to corrective action. Additional indicators (defined in § 641.710) are not subject to goal-setting and are, therefore, also not subject to corrective action.

(b) *Core indicators.* Section 513(b)(1) as amended by Pub. L. 109–365 establishes the following core indicators of performance:

- (1) Hours (in the aggregate) of community service employment;
- (2) Entry into unsubsidized employment;
- (3) Retention in unsubsidized employment for six months;
- (4) Earnings;
- (5) The number of eligible individuals served; and
- (6) The number of most-in-need individuals served (the number of participating individuals described in subsection (a)(3)(B)(ii) or (b)(2) of section 518).

(c) *Additional indicators.* Section 513(b)(2) as amended by Pub. L. 109–365 establishes the following additional indicators of performance:

- (1) Retention in unsubsidized employment for one year; and
 - (2) Satisfaction of the participants, employers, and their host agencies with their experiences and the services provided.
- (3) Any other indicators of performance that the Secretary determines to be appropriate to evaluate services and performance.

(d) *Affected entities.* The core indicators of performance and additional indicators of performance are applicable to each grantee without regard to whether such grantee operates the program directly or through sub-con-

tracts, sub-grants, or agreements with other entities. Grantees must assure that their sub-grantees and lower-tier sub-grantees are collecting and reporting program data.

(e) *Required evaluation and reporting.* An agreement to be evaluated on the core indicators of performance and to report information on the additional indicators of performance is a requirement for application for, and is a condition of, all SCSEP grants.

§ 641.710 How are the performance indicators defined?

(a) The core indicators are defined as follows:

(1) “Hours of community service employment” is defined as the total number of hours of community service provided by SCSEP participants divided by the number of hours of community service funded by the grantee’s grant, after adjusting for differences in minimum wage among the States and areas. Paid training hours are excluded from this measure.

(2) “Entry into unsubsidized employment” is defined by the formula: Of those who are not employed at the date of participation: The number of participants who are employed in the first quarter after the exit quarter divided by the number of adult participants who exit during the quarter.

(3) “Retention in unsubsidized employment for six months” is defined by the formula: Of those who are employed in the first quarter after the exit quarter: The number of adult participants who are employed in both the second and third quarters after the exit quarter divided by the number of adult participants who exit during the quarter.

(4) “Earnings” is defined by the formula: Of those participants who are employed in the first, second and third quarters after the exit quarter: Total earnings in the second quarter plus total earnings in the third quarter after the exit quarter divided by the number of participants who exit during the quarter.

(5) “The number of eligible individuals served” is defined as the total number of participants served divided by a grantee’s authorized number of